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FILE *Personnel* 9

16 JUN 1967

MEMORANDUM FOR: Deputy Director for Support

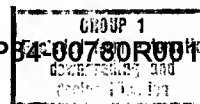
SUBJECT : Agency Contract Review Board *Publ*

1. This memorandum contains information for the Deputy Director for Support. It is responsive to your telephonic request to Mr. John F. Blake on 15 June.

2. Meetings of the Agency Contract Review Board, as you have already been telephonically informed, have been temporarily suspended pending a re-affirmation of the mission and role to be played by it. The Board, at its first meeting on 1 June, was offered for consideration and adoption a Statement of Responsibilities and Authorities drafted by this Office. The charter was rather broad in nature and would have allowed and encouraged the Board to exercise interest and participation in the totality of the Agency procurement organization and system. The Board, by a consensus of opinion, stated its desire to exercise a role of somewhat lesser magnitude. I agreed with this consensus and, accordingly, offered the Board a revised Statement of Responsibilities and Authorities on 15 June. This revision, which was drafted to reflect the various positions given by the Board members on 8 June, failed to gain the unanimous acceptance. After lengthy discussion Mr. Blake, in his capacity as pro tem chairman for purposes of organizing the Board, put the question as to whether there existed a difference of opinion among Board members as to the purposes for which it was created. Members from the four Directorates split, two each, on their understanding as to the Board's mission. With that event Mr. Blake suggested, and the Board concurred in the proposal, that the difference of opinion be reduced to writing and, further, that all four Board members register agreement with the statement of issue. This procedure was followed and the issue, as agreed to by the Board, is as follows:

"At the third meeting of the Agency Contract Review Board, the second draft of a proposed Statement of Responsibilities was discussed. The second draft, attached herewith along with the first, offered the Board, based on its consensus, a more narrow Statement of Responsibilities.

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SUBJECT: Agency Contract Review Board

"After considerable discussion of the second draft, the basic issue of concern which prevented its adoption became crystallized. The issue is best expressed as to whether the Board's existence is primarily to concern itself with a contract-by-contract review as opposed to an Agency-level forum which will do the contracting review per se, but will also reflect to the Director of Logistics and higher authority impressions, opinions, and observations as to how well the overall procurement, in its broadest sense, is accomplished within the Agency."

3. Mr. Blake stated that because of the failure of the Board members to agree on the purpose for which assembled that he, as acting chairman, would undertake the following courses of action:

- a. Temporarily suspend Board meetings.
- b. Temporarily suspend any further action to implement the "Revised Recommendations on Implementing Consultant Report on Agency Procurement System" as approved by the Executive Director-Comptroller on 26 April.
- c. Refer the issue, as quoted above, to the Deputy Director for Support, as such officer referred the "Revised Recommendations, etc.," to the Executive Director-Comptroller.
- d. Request the Deputy Director for Support to meet with the Board members and personally enunciate and explain the mission and role of the Agency Contract Review Board.

4. There are attached for your information pertinent background documents, the Attachment being the index for all succeeding attachments.

[Redacted Signature]

George E. Meloan
Director of Logistics

Att

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Comptroller from Deputy Director for Support,
Subject: Consultant Report on Agency Procurement
- Tab 2 - Memo dtd 28 March 1967 to Executive Director-
Comptroller from Deputy Director for Support,
Subject: Revised Recommendations on Implementing Consultant Report on Agency Procurement System
- Tab 3 - Initial Offering of Proposed Responsibilities for Contract Review Board
- Tab 4 - Minutes of the 8 June 1967 Meeting of the Contract Review Board (Paragraph 2 represents Board's collective critique of proposed draft.)
- Tab 5 - Revised Offering of Proposed Responsibilities for Contract Review Board

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Next 9 Page(s) In Document Exempt

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DD/S (7-1585)

28 MAR 1967

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Revised Recommendations on Implementing Consultant
Report on Agency Procurement System

REFERENCE : Memo dtd 23 Dec 66 fr DD/S to Ex.Dir.-Compt., subj:
Consultant Report on Agency Procurement

1. The meeting of senior Agency officers held on 6 March 1967 to discuss alternatives to implementing the recommendations [redacted] proved most valuable. As a result of that meeting, and subsequent conversations among us, I am now submitting to you, after further reconsideration, revised recommendations which are designed to increase the efficiency of the Agency Procurement System. These recommendations supersede my previous submission to you of 23 December 1966. 25X1

2. The recommendations, totaling six in number, are presented to you in general terms so that, depending upon our obtaining your approval, we may retain a posture of flexibility in developing them in more precise detail with the Operating Directorates. It is becoming increasingly clear, I believe, to all of us that the nature and activities of the several Operating Directorates are such that there probably should be some variance in the implementation of these proposals amongst them. Upon receipt of your approval, we will proceed to have individual and direct negotiations with each Operating Directorate on the scope and monetary limitation of the delegations involved and then will submit to you for additional approval agreed positions.

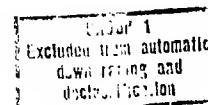
3. The recommendations as now presented for approval are as follows:

a. The current responsibility of the Director of Logistics as the Agency Contracting Officer for all contractual actions funded by Agency appropriations be reaffirmed.

b. The Director of Logistics be authorized to delegate contracting authority to qualified members of his career service who are assigned to Operating Components to perform a contracting function.

c. The Director of Logistics be authorized to establish a Contract Review Board composed of one member nominated by each of the four Deputy Directors

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SUBJECT: Revised Recommendations on Implementing Consultant Report on Agency
Procurement System

and chaired by a nominee of his choice. He will also be authorized to request the Office of General Counsel, the Office of Finance, and the Office of Security to nominate an advisor to the Board. The Board will act in an advisory and recommending role to the Director of Logistics in his role as the senior Agency Contracting Officer. He will develop, in consultation with the nominated Board members, a statement of responsibilities and submit it to the Deputy Director for Support for approval prior to the Board's being officially convened.

d. The establishment of a "contracting team" concept in each Directorate, with the staffing of such teams to be in accordance with the needs of the Directorate as identified by negotiation between the Director of Logistics and each Deputy Director. The contracting officer assigned to the Directorate will be the senior member of the team and, according to need, there will either be assigned security and audit officers or, should there be a lack of a full time need for such competency, specifically selected officers from both the Offices of Security and Finance will be identified to support the contracting officer. Additionally the Director of Logistics may delegate to these contracting officers specified contracting authority at an agreed upon level with each Deputy Director but such delegation shall not exceed \$200,000 per contract action.

e. The Chief, Support Services Staff/DD/S expand the scope of the present system design effort with the objective of developing a single contract Management Information System for the Agency, and that the other Directorates assign personnel to assist in the design of the system to ensure the proper input of information from their respective components. Priority attention will be given to completion of the system.

f. The Director of Logistics, after concluding the agreements discussed above and obtaining the necessary approvals, undertake the necessary revision of Agency regulations and handbooks.

4. I recommend that you approve these recommendations and, accordingly, authorize the Director of Logistics to commence the necessary discussions and implementation of the program set forth above.

[Redacted Signature]
R. L. Bannerman
Deputy Director
for Support

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<input type="checkbox"/>		<input type="checkbox"/>	SECRET
CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	Director of Logistics 1206 Ames Building		
2			
3			
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6			
<input type="checkbox"/>	ACTION	<input type="checkbox"/>	DIRECT REPLY
<input type="checkbox"/>	APPROVAL	<input type="checkbox"/>	DISPATCH
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<input type="checkbox"/>		<input type="checkbox"/>	RETURN
<input type="checkbox"/>		<input type="checkbox"/>	SIGNATURE
Remarks: <p>Attached is the approved paper containing proposals on the Agency Procurement Program. Per our conversation yesterday please proceed with the implementation of this program. I would like to have periodic reports of your progress in organizing this program keeping in mind the Director's request to be advised and to approve the names of the members of the Contract Review Board. Also, please forward a copy of this paper to the General Counsel for information.</p> <div style="border: 1px solid black; width: 200px; height: 30px; margin: 10px auto;"></div> <p style="text-align: right;">R. L. Bannerman</p>			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
Deputy Director for Support 7 D-26 Hqs.			28 APR 1967
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FORM NO. 2-61 237

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INTERNAL

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Revised Recommendations on Implementing Consultant Report on Agency Procurement System

FROM:

Deputy Director for Support
7 D-26 Headquarters

EXTENSION

NO.

DATE

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

Deputy Director for
Intelligence 7 E-44 Hqs.

29 March

2.

Deputy Director for Plans
3 C-34 Headquarters

31 March 67

3.

Acting Deputy Director for
Science & Tech. 6 E-60 Hqs.

31 March 67

4.

Inspector General
7 D-49 Headquarters

4/3/67

5.

Executive Director
7 D-59 Headquarters

4/26

6.

Deputy Director for Support
7 D-26 Headquarters

27 Apr.

7.

Director of Logistics
1206 Ames Building

8.

9.

10.

11.

12.

13.

14.

15.

To Addressees: After concurrence,
please call my office, hand-carry.

R. L. Bannerman

FORM 3-62

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CIA CONTRACT REVIEW BOARD
(Responsibilities and Authorities)

1. The CIA Contract Review Board shall function in a planning and advisory capacity to the Director of Logistics in support of his responsibilities as senior Agency official responsible for Agency-funded procurement operations. The Board shall review proposed contract actions and proposed procurement requests which by their nature are of policy, procedural or operational significance. It shall conduct a continuing program of procurement planning and shall review and evaluate the overall effectiveness of Agency-wide procurement policies, procedures and performance of organizational procurement units or teams.

The Board's responsibilities shall be discharged without assumption of operational, technical or contractual responsibility -- its responsibilities remaining advisory and recommendatory, except as may be more specifically, and from time-to-time further defined and authorized by the Director of Logistics.

2. Prior Review of Proposed Contract Actions

The Board shall review all proposed contracts or additional scope amendments individually in excess of \$200,000 valuation, or overrun funding amendments if overrun funding exceeds \$40,000 and is in excess of 20 percent of original cost estimates, prior to contracting officer's signature.

Such review of individual contracts or classes of contracts may be waived by the Board or redelegated to appropriate ad hoc evaluation teams established for the purpose by and with the concurrence of the Director of Logistics.

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3. Prior Review of Proposed Procurement Requests

Concurrent with Directorate program approval of procurement requests estimated to exceed \$200,000, a copy of such requests shall be forwarded to the Board for prompt informal evaluation and review. Procurement requests deemed by the Board Chairman or any Directorate Board member to present policy, technical or operational sensitivities or questions, shall be more formally considered as a regular Board agenda item with participation of the cognizant contracting officer and technical/operational monitor.

4. Post Review and Periodic Evaluation

The Board shall plan and conduct a program of post review and periodic evaluation for the Director of Logistics of overall effectiveness of Agency-wide procurement policies, procedures and practices and of the performance of organizational procurement units and contracting officers, to include:

- a. Procurement team participation in the formulation-of-requirements cycle.
- b. Audit assistance and liaison.
- c. Security assistance and liaison.
- d. Interrelated budget and fiscal procedures and practices.

5. Organizational Changes

The Board shall plan and recommend organizational changes as and when deemed appropriate, including delegations of contracting authority and staffing complements, for accomplishment of the Agency's unique procurement needs in

support of the DCI's responsibilities as established by Public Law 110 (1949), as amended, or as otherwise supplemented.

6. Procurement Team Support

The Board shall plan and recommend appropriate policies, procedures and philosophies for facilitating action of cognizant procurement team(s).

7. Additional Duties

The Board shall perform additional duties or special studies of the Agency's procurement processes as may be directed by the Director of Logistics or Agency Directorates or higher authority.

8. Informal Inquiries and Beneficial Suggestions

The Board shall hold itself available and encourage the submission to it of beneficial suggestions for improvements to the Agency's procurement system.

9. Inter-Agency Procurement Relationships

The Board shall plan and recommend policies and procedures for inter-agency joint or accommodation procurement. The Chairman of the Board shall, in the absence of any other designee for this purpose, be the Agency representative to inter-agency procurement boards and committees.

10. Board Authorizations

a. The Board shall be furnished legal, audit and security advisors to participate in all Board responsibilities.

b. Additional Advisors and Consultants. The Board may, through its Chairman, request attendance of Agency personnel at specified Board meetings

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to advise and consult with the Board on matters properly before the Board and within its special expertise or knowledge. Any such request shall provide a reasonable time for such appearance and shall indicate the general scope of information or advice desired from those so requested.

c. Reports and Staff Studies. The Board may, through its Chairman, request cognizant Agency personnel or staffs to submit to it periodic statistical and performance reports covering various aspects of the Agency's procurement process or to accomplish special procurement staff studies as reasonable and necessary for the Board's proper and enlightened functioning. The Director of Logistics shall be kept informed of all such requests.

d. Board Staffing. Except for regular Board membership, its staff shall be kept to a minimum of an Executive Secretary, to be appointed from the Director of Logistics' career service, plus the necessary minimum of secretarial and clerical staff. It is the intent that the Board shall rely, for staff studies and staff support types of reports and information, on existing or future established procurement organizational units or staffs.

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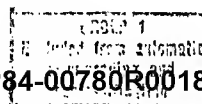
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MINUTES OF THE MEETING OF THE
CONTRACT REVIEW BOARD

8 June 1967

1. The meeting was called to order by Mr. John F. Blake. He explained that the minutes presented were not intended to report all the details brought out at the meeting but, rather, they were intended to provide a record of the highlights. There will not be a reading of the minutes but the comments of the members are solicited and welcomed. The minutes of the last meeting were accepted without comment.
2. The Board members were asked for their comments on the draft of Responsibilities and Authorities which was passed out at the 1 June 1967 meeting.
 - a. The general theme of the Board's comments was that the draft offered a scope of responsibilities and authorities which was both more substantive and more broad than they desired. The members rejected any language in the draft which might have permitted an entry into any planning aspects of procurement. Mr. Blake explained that there was no intention to enter into Directorate procurement planning but, in the sense used in the draft, this referred only to the contractual aspects and the implementation of the changes to be made in the Procurement System.
 - b. The Board members stressed that their idea of the Board's functions would be to review and recommend on the contractual aspects of procurement.
 - c. The Board members expressed a desire to remain completely divorced from any of the command channels, including commenting on manner of performance of contracting personnel. Mr. Blake explained that there is no intention for the Board to write fitness reports or the like. However, in order to provide the Director of Logistics with feedback on the status of the Procurement System, the Board may be required to conduct post reviews. Such feedback will be particularly important at the outset to insure that the new System operates smoothly and properly. These post reviews will also aid the Board in maintaining uniform procedures and practices throughout the Agency. It was explained that this could be accomplished without interfering in the administration of contracts, which would remain the responsibility and duty of the Directorates.
 - d. There was some discussion on when the Board should step into the procurement process. It was agreed that the Board should stay out until the procurement has received its highest required approval.

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e. The Board members expressed some concern over the definition and assignment of additional duties to the Board. Mr. Blake pointed out that it would be very difficult, if not impossible, at the outset to ascertain all of the future problem areas which might fall within the scope of the Board. Therefore, it would be impossible to state all the duties which might be assigned. Because the Board is advisory to the Director of Logistics, it is inherent that he might wish to ask opinions or request reviews that would give rise to additional duties.

f. Mr. Blake closed the discussion by pointing out that the Board had apparently taken a position on its responsibilities which was more narrow than that offered to it in the original draft. The consensus of the Board was to agree with this observation. Therefore, the draft will be rewritten to narrow the scope and a new draft will be presented at the next meeting.

3. The members were asked to present their requests for monetary Delegation of Authority and they were:

- a. DD/S&T - \$200,000
- b. DD/P - \$150,000
- c. DD/I - None (clarified to mean no change)
- d. DD/S - None

4. The statistics of DD/S&T and DD/P for research and development contracting were presented.

5. A presentation on the interim contract information system was presented by Mr. [] of the Planning Staff, Office of Logistics. This presentation was followed by a brief introduction by Mr. [] Chief, Support Services Staff, on the permanent system being prepared. A more detailed briefing will be given at a later meeting.

6. The Board members submitted their nominations for alternate Directorate members.

7. The members expressed a desire to postpone the next meeting if the draft of Responsibilities and Authorities is delayed. Mr. Blake stated that, if such postponement became necessary, the Board members would be notified as quickly as possible. The meeting was then adjourned.

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CIA CONTRACT REVIEW BOARD
(Responsibilities and Authorities)

1. The CIA Contract Review Board shall function in an advisory and recommendatory capacity to the Director of Logistics in support of his responsibilities as senior Agency official responsible for Agency-funded procurement operations. The Board shall review proposed contract actions as described below, and also operationally approved procurement requests which, by their nature, are of contractual policy, procedural or operational significance. It shall monitor the overall effectiveness of Agency-wide procurement policies.

The Board's responsibilities shall be discharged without assumption of operational, technological or contractual responsibility -- its responsibilities remaining advisory and recommendatory.

2. Prior Review of Proposed Contract Actions

The Board shall review proposed contracts or additional scope amendments individually in excess of \$150,000 valuation, or overrun funding amendments if overrun funding exceeds \$22,500 and also exceeds 15 percent of original cost estimate.

Such review of individual contracts or classes of contracts may be waived by the Board with the concurrence of the Director of Logistics.

3. Review of Operationally Approved Procurement Requests

Subsequent to appropriate operational and command program approval of procurement requests estimated to exceed \$150,000, copies of such requests shall be

forwarded to the Board for its initial consideration. Any member, believing such requests to present unique contracting policy or substantive considerations, may request the Board's approval to invite appropriate representatives of the sponsoring Directorate to brief the Board on the proposed undertaking.

4. Post Review and Periodic Evaluation

The Board shall, from time-to-time, give the Director of Logistics their views on the overall effectiveness of Agency-wide procurement policies, procedures and practices and of the performance of organizational procurement units, to include:

- a. Adherence to established Agency procurement policies.
- b. Procurement team participation in the formulation-of-requirements cycle.
- c. Audit assistance and liaison.
- d. Security assistance and liaison.
- e. Interrelated budget and fiscal procedures and practices.

5. Organizational Changes

Proposed major organizational changes within Directorate contracting units may be submitted to the Board by the Director of Logistics for its comments and recommendations. Based on its general level of knowledge and experience, the Board may recommend organizational changes to the Director of Logistics, including delegations of contracting authority, assignments of functional workloads, and other appropriate matters, for accomplishment of the Agency's unique procurement needs in support of the DCI's responsibilities as established by Public Law 110 (1949), as amended, or as otherwise supplemented.

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6. Procurement Team Support

The Board may recommend appropriate policies, procedures and philosophies for facilitating action of cognizant procurement team(s).

7. Procurement Studies

The Board may be requested by the Director of Logistics, Agency Directorates, or higher authority to make special studies of the Agency's procurement processes. It shall be constantly aware of the general overall effectiveness of the Agency procurement program and may, from time-to-time, furnish the Director of Logistics with its observations.

8. Inter-Agency Procurement Relationships

The Board shall recommend policies and procedures for inter-agency joint or accommodation procurement. The Chairman of the Board shall, in the absence of any other designee for this purpose, be the Agency representative to inter-agency procurement boards and committees.

9. Board Advisors and Staff

a. The Board shall be furnished legal, audit and security advisors to participate in all Board responsibilities.

b. Additional Advisors and Consultants. The Board may request attendance of Agency personnel at specified Board meetings to advise and consult with the Board on matters properly before the Board and within their special expertise or knowledge. Any such request shall provide a reasonable time for such appearance and shall indicate the general scope of information or advice desired from those so requested.

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c. Reports and Staff Studies. The Board may request cognizant Agency personnel or staffs to submit to it periodic statistical and performance reports covering various aspects of the Agency's procurement process or to accomplish special procurement staff studies as reasonable and necessary for the Board's proper and enlightened functioning. The Director of Logistics shall be kept informed of all such requests.

d. Board Staffing. Except for regular Board membership, its staff shall be kept to a minimum of an Executive Secretary, to be appointed from the Director of Logistics' Career Service, plus the necessary minimum of secretarial and clerical staff. It is the intent that the Board shall rely, for staff studies and staff support types of reports and information, on existing or future established procurement organizational units or staffs.

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